

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: August 18, 2005

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Division of Competitive Markets & Enforcement (M. Watts)
Division of Economic Regulation (Lester)
Office of the General Counsel (Teitzman)

RE: Docket No. 050268-TI – Investigation and determination of appropriate method for refunding long distance monthly recurring charge overcharges by Sprint Communications Company, Limited Partnership d/b/a Sprint.

AGENDA: 08/30/05 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Bradley

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\CMP\WP\050268.RCM.DOC

Case Background

In February 2005, a consumer contacted the Florida Public Service Commission (the Commission) with a concern about a charge on her bill, although she did not file a complaint. The consumer is a Sprint-Florida, Incorporated (Sprint local) local customer and had switched from being presubscribed to Sprint Communications Company, Limited Partnership (Sprint) for long distance services to having no presubscribed carrier for local toll or long distance services in November 2004. However, beginning in January 2005, Sprint began assessing her a monthly recurring charge (MRC) on her Sprint local bill for a Sprint long distance plan.

Staff sent Sprint a letter requesting it to investigate whether other former customers were erroneously assessed a long distance plan MRC. Sprint responded on April 1, 2005, that as of February 28, 2005, (the latest complete billing data available at the time), it had identified 3,489 accounts that were erroneously billed in this manner. Sprint subsequently corrected this number to 3,092 accounts that will be receiving an adjustment. The number of affected accounts was adjusted downward for two reasons: 1) some customers were already credited for more than they had been billed during the pertinent time frame; and 2) some customers began to have usage on the long distance account and/or changed plan types. Sprint explained that, prior to implementing a new \$3.95 MRC on December 1, 2004, for certain of its calling plans, it took a number of actions to ensure that the charge was applied to the appropriate customers, including customer notifications and billing record verifications. Unfortunately, upon receiving a minimal number of customer complaints, it found that a few errors persisted in its billing systems, leading to the aforementioned overcharges.

After correcting its billing systems, Sprint sought to issue refunds as quickly as possible, so it worked with Commission staff to determine the amount of interest to be applied to amounts that had already been billed (December 2004 through April 2005). For the May and June billing cycles, the MRC was credited on the same bill on which the charge appeared for direct-billed customers, so there was, in effect, no overcharge and no interest due. For customers billed through their local exchange company, Sprint is in the process of refunding those customers, with interest calculated using the commercial paper rates provided by Commission staff.

Discussion of Issues

Issue 1: Should the Commission accept Sprint Communications Company, Limited Partnership's proposal to issue a refund of \$72,937.41, plus interest of \$748.00, for a total of \$73,685.41, to the affected customers for erroneously billing a monthly recurring long distance plan charge to customers whose long distance services were no longer provided by Sprint Communications Company, Limited Partnership from December 2004 through June 2005; require the company to submit a report within 30 days of the issuance of the Consummating Order to the Commission stating, (1) how much was refunded to its customers, (2) the number of customers, and (3) the amount of money due to those customers that cannot be located; and require Sprint Communications Company, Limited Partnership to remit any amounts due to customers that cannot be located to the Commission for deposit in the State of Florida General Revenue Fund within 30 days of the issuance of the Consummating Order?

Recommendation: Yes. (M. Watts/Teitzman)

Staff Analysis: Section 364.604(2), Florida Statutes, states that a customer shall not be liable for any charges for telecommunications or information services that the customer did not order or that were not provided to the customer. Based on the information provided in the Case Background, it appears that Sprint erroneously assessed monthly recurring charges to certain customers.

Therefore, staff recommends that the Commission accept Sprint Communications Company, Limited Partnership's proposal to issue a refund of \$72,937.41, plus interest of \$748.00, for a total of \$73,685.41, to the affected customers for erroneously billing a monthly recurring long distance plan charge to customers whose long distance services were no longer provided by Sprint Communications Company, Limited Partnership from December 2004 through June 2005; require the company to submit a report within 30 days of the issuance of the Consummating Order to the Commission stating, (1) how much was refunded to its customers, (2) the number of customers, and (3) the amount of money due to those customers that cannot be located; and require Sprint Communications Company, Limited Partnership to remit any amounts due to customers that cannot be located to the Commission for deposit in the State of Florida General Revenue Fund within 30 days of the issuance of the Consummating Order. The Commission has jurisdiction over this matter pursuant to Section 364.604, Florida Statutes.

Issue 2: Should this docket be closed?

Recommendation: The Order issued from this recommendation will be a proposed agency action. Thus, the Order will become final and effective upon issuance of the Consummating Order if no person whose substantial interests are affected timely files a protest within 21 days of issuance of this Order. The company should submit its final report to the Commission and remit payment of any unrefundable monies to the Commission for deposit in the State of Florida General Revenue Fund within 30 days of the issuance of the Consummating Order. Upon receipt of the final report and unrefundable monies, this docket should be closed administratively. **(Teitzman)**

Staff Analysis: The Order issued from this recommendation will be a proposed agency action. Thus, the Order will become final and effective upon issuance of the Consummating Order if no person whose substantial interests are affected timely files a protest within 21 days of issuance of this Order. The company should submit its final report to the Commission and remit payment of any unrefundable monies to the Commission for deposit in the State of Florida General Revenue Fund within 30 days of the issuance of the Consummating Order. Upon receipt of the final report and unrefundable monies, this docket should be closed administratively.